

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2278 – HB 2182

March 19, 2014

**SUMMARY OF ORIGINAL BILL:** Directs the Commissioner of the Department of Economic and Community Development (ECD), in consultation with the Commissioner of the Department of Health (DOH), to study issues relating to “food deserts” and the lack of access to healthy food in rural areas of Tennessee. Requires the study to identify low-income and underserved rural areas in this state where residents lack significant access to healthy foods, including produce, and to evaluate policy options, including financial assistance, which could enhance the availability of healthy foods in such rural areas while providing means of fostering economic development. Requires the Commissioner of ECD to report the findings and recommendations of the study to the General Assembly on or before January 15, 2015.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$50,000/One-Time

**SUMMARY OF AMENDMENT (014494):** Deletes all language after the enacting clause. Enacts the Healthy Food Financing Act. Establishes the Healthy Food Financing Fund, established as a General Fund reserve to be allocated by the general appropriations act, to be used to expand access to fresh produce and other nutritious foods in underserved communities by offering financing for the construction or expansion of grocery stores. Requires the Department of Agriculture, in cooperation with public and private sector partners, to establish a financing program to provide funding to retailers to construct, rehabilitate or expand grocery stores in underserved urban and rural communities. Requires the Department to report annually to the General Assembly on projects funded, the geographic distribution of the projects, and the costs and outcomes of the program including the number and type of jobs created and health impact of the project. Requires the Commissioner of the Department to establish application fees in an amount determined to reasonably fund the administrative expenses of the Department. Establishes funding requirements for applicants and criteria to be considered by the Department.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue – Exceeds \$50,000/Department of Agriculture

Increase State Expenditures – Exceeds \$50,000/Department of Agriculture

SB 2278 – HB 2182

**Other Fiscal Impact – The annual amount of funds that will be allocated to the newly created Healthy Food Financing Fund to be used to expand access to fresh produce and other nutritious foods in underserved communities by offering financing for the construction or expansion of grocery stores is unknown. However, based on Pennsylvania’s Fresh Food Financing Initiative, it is reasonably estimated that an annual appropriation to the Healthy Food Financing Fund from the General Fund will exceed \$1,000,000.**

Assumptions for the bill as amended:

- The annual amount of funds that will be allocated to the newly created Healthy Food Financing Fund to be used to expand access to fresh produce and other nutritious foods in underserved communities by offering financing for the construction or expansion of grocery stores is unknown.
- The Department of Agriculture provided information on Pennsylvania’s Fresh Food Financing Initiative (FFFI), from a Pennsylvania budget briefing dated March 4, 2010:
  - FFFI began with the allocation of \$10,000,000 of state funds to create the program in 2004. The state subsequently allocated an additional \$10,000,000 to the initiative in 2005 and 2006, bringing the total state investment to \$30,000,000. The state dollars were leveraged with private resources to create a comprehensive, multi-faceted \$120,000,000 financing pool for grocery stores and supermarkets. The FFFI has attracted 203 applicants from across Pennsylvania, with 88 applications approved for funding as of December 2009. In total, more than \$72,900,000 in loans and \$11,300,000 in grants have been approved.
- Based on this information, it is reasonably estimated that a minimum of \$1,000,000 would need to be annually appropriated to the Healthy Food Financing Fund to be used to expand access to fresh produce and other nutritious foods in underserved communities.
- It is further estimated that, in order to accomplish the requirements of this bill as amended, the Department of Agriculture will incur recurring expenditures exceeding \$50,000.
- However, such expenditures shall be offset by an equivalent increase in state revenue to the Department from the imposition of application fees.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/bos